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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/21/07

Index:

1) Prime Minister's daily schedule (Nikkei)

2) Defense Minister Ishiba: Need to reduce host-nation support by cutting pay of Japanese employees at US bases (Sankei)

Diet frenzy:

3) Former defense chief and now finance minister Nukaga to be grilled in Diet on allegations of impropriety (Nikkei)

4) New charge of kickbacks from defense contractors added to list of questions for Nukaga in the Diet (Tokyo Shimbun)

5) Democratic Party of Japan's (DPJ) bill to withdraw ASDF from Iraq will pass committee on the 27th (Sankei)

6) Ruling camp's antiterrorism bill, delayed in the Upper House by DPJ tactics, will finally enter full deliberations on Nov. 28 or later (Yomiuri)

7) Prime Minister Fukuda's meeting with other party heads on Nov. 22 worries the DPJ while filling the LDP with anticipation of breakthrough (Mainichi)

Asia diplomacy:

8) Fukuda, Chinese Premier Wen in Singapore meeting promise to make efforts to resolve gas-field development issue (Asahi)

9) Chinese President Hu to visit Japan next spring (Tokyo Shimbun)

10) In trilateral meeting of Japan, China, ROK premiers, Fukuda states his desire to normalize relations with North Korea (Yomiuri)

- 11) Summitry in Singapore allows Fukuda chance to improve Japan's ties with its neighbors China and South Korea (Mainichi)
- 12) Text of Japan-China summit meeting and luncheon meeting (Yomiuri)

Economic policy:

- 13) Government panel calls for consumption tax hike by 2009 in order to fund growing social security expenditures (Nikkei)
- 14) Poll shows 50 PERCENT of public now willing to accept a consumption tax hike as "inevitable," outweighing those against the move (Mainichi)

Articles:

- 1) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, November 20

NIKKEI (Page 2) (Full)
November 21, 2007

Morning Met Chinese Premier Wen Jiabao and South Korean President Roh Moo Hyun at the Grand Hyatt Hotel in Singapore. Later, held one-on-one talks with Wen.
Noon Had luncheon with Wen
Afternoon Attended the ASEAN plus Japan, China and South Korea summit at the Shangri-La Hotel. Met Roh.
Evening Held talks with Cambodian Prime Minister Hun Sen, Laotian Prime Minister Bouasone, Vietnamese Prime Minister Nguyen Tan Dung at the Four Seasons Hotel. Later held talks with Dung.
Night Attended a dinner party hosted by Singaporean Prime Minister Lee Hsien Loong and his wife at the Swissotel Hotel. Stayed at the

TOKYO 00005310 002 OF 010

Four Seasons Hotel.

- 2) Wage cuts needed for base workers: Ishiba

SANKEI (Page 5) (Full)
November 21, 2007

In connection with the issue of curtailing Japan's sharing of costs for the stationing of US forces in Japan ("omoiyari yosan" or literally "sympathy budget"), Defense Minister Shigeru Ishiba, meeting the press yesterday, referred to the level of wages for base workers. "It is higher than that for (other) people working in Okinawa," Ishiba said. "I wonder if this (wage) payment can really obtain understanding," he added. With this, Ishiba suggested the need for the government to cut down on various allowances for base workers. Ishiba also said, "We must not neglect the Financial System Council's report (which seeks to scale back on the costs)." The All Japan Garrison Forces Labor Union (Zenchuro), consisting of base workers, will go on a time-limited strike today for four hours against wage cuts.

- 3) Government, ruling coalition having hard time dealing with Defense Ministry scandals, Nukaga might have to take responsibility; Opposition prioritizes shedding light on scandals, deliberations on new refueling bill would delay

NIKKEI (Page 2) (Full)
November 21, 2007

The government and ruling parties are having a hard time coping with a recently revealed allegation in connection with Finance Minister Fukushima Nukaga. There is no prospect for deliberations on a bill to resume the Maritime Self-Defense Force's refueling activities in the Indian Ocean since the opposition camp has assumed a stance of prioritizing the shedding of light on the allegation. Some in the government and ruling coalition are now concerned about the possible adverse impact on the compilation of the state budget for next fiscal year, which will take place in late this year. The allegation might develop into an issue in which Nukaga would have to take responsibility (and resign).

"He seems to have asked those involved at the time, and I have heard that that there was no such fact," said Chief Cabinet Secretary Nobutaka Machimura in a press conference yesterday. Machimura, based on the Defense Ministry's information, denied the allegation that Nukaga had helped a Yamagata construction firm take part in bidding for a project for the former Sendai Defense Facilities Administration Bureau in 2000. Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki also stressed in a press briefing

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yesterday: "The construction company also denied it and a former Defense Facilities Administration Agency (DFAA) official said that such would have been impossible." Although senior government and LDP officials have now lined up on to back Nukaga, they are perplexed about what action the opposition bloc will take.

The most serious issue is a delay in a schedule for deliberations on the new refueling legislation. In his meeting yesterday with Democratic Party of Japan (DPJ or Minshuto) Diet Affairs Committee Chairman Susumu Yanase, LDP Upper House Diet Affairs Committee Chairman Seiji Suzuki proposed again starting deliberations on Nov. 26, but Yanase rejected the proposal, saying, "We should prioritize shedding light on the allegation rather than starting

TOKYO 00005310 003 OF 010

deliberations."

Referring in a press conference yesterday to Nukaga having denied being wined and dined by former Yamada Corp. executive Motonobu Miyazaki, who is now under arrest, DPJ President Ichiro Ozawa underscored: "Since the two sides' remarks are different, it's better to reveal the facts." Diet Affairs Committee Chairman Kenji Yamaoka told the press: "The restaurant in which they assembled has almost been identified. When supportive evidence is provided, the facts will be revealed."

Four opposition parties -- the DPJ, Japanese Communist Party, Social Democratic Party and People's New Party -- confirmed in a meeting yesterday of their Diet affairs committee chairmen that they would thoroughly clear this matter up. The opposition side intends to clear up the facts in a session today of the Lower House Finance Committee, in which Nukaga will attend. Depending on Nukaga's replies, the opposition eyes testimonies in the Diet by witnesses and launching a no-confidence motion against Nukaga.

4) Nukaga may be summoned over favors

TOKYO SHIMBUN(Page 2) (Full)
November 21, 2007

There are now suspicions arising about whether Finance Minister Fukushima Nukaga favored a specific construction company (when he was a deputy chief cabinet secretary) in connection with the then Defense Facilities Administration Agency's designation of contractors for a construction project ordered by its Sendai bureau. In response, four opposition parties confirmed yesterday that they would pursue the allegation against the Defense Ministry, with an eye to the possibility of summoning Nukaga to the Diet as a sworn witness. In particular, the leading opposition Democratic Party of Japan (Minshuto), emboldened by its recommended candidate's victory in the recent mayoral race in the city of Osaka, is ready to face off with the government and ruling parties.

DPJ President Ichiro Ozawa, in a press conference yesterday, noted a gap between Nukaga's comment and a former DFAA Sendai bureau director general's remarks in which this former DFAA official revealed that he was asked by Nukaga to favor a local constructor. "It would be better to clarify whether it was true or not," Ozawa said. With this, Ozawa stressed that the DPJ would ask Nukaga to explain the suspicions in the Diet.

Earlier in the day, the DPJ, the Japanese Communist Party, the Social Democratic Party, and the People's New Party held a meeting of their Diet affairs committee chairmen and the four opposition parties concurred on pursuing the suspicions over the Defense Ministry thoroughly in the Diet's lower and upper chambers. The

opposition bench will ask the government about the series of scandals in a House of Representatives Financial Affairs Committee meeting to be held today and also in a House of Councillors Financial Affairs Committee meeting to be held tomorrow. Nukaga is to be present at both meetings.

"We will check whether the suspicions are cleared in his (Nukaga's) statements before the committees," DPJ Secretary General Yukio Hatoyama told reporters. "If the suspicions are found even stronger, then he may have to be summoned as a sworn witness," he added.

TOKYO 00005310 004 OF 010

5) Iraq pullout bill: Committee vote set for Nov. 27

SANKEI (Page 5) (Full)
November 21, 2007

The ruling Liberal Democratic Party and the leading opposition Democratic Party of Japan (Minshuto) yesterday held a meeting of their Diet affairs committee chairmen, Seiji Suzuki and Susumu Yanase, from the House of Councillors over a DPJ-introduced bill repealing the Iraq Reconstruction Assistance Special Measures Law. In the meeting, Suzuki and Yanase agreed to schedule the House of Councillors Foreign Affairs and Defense Committee to hear the DPJ's explanation of reasons for its presentation of the bill and to schedule the committee to take a vote on Nov. 27 after interpellations.

The bill is likely to clear the Diet's upper chamber in its plenary sitting on Nov. 28 with a majority of votes from the DPJ and other parties, and it will be sent to the House of Representatives. However, the ruling parties hold a majority of the seats in the lower chamber. The bill is therefore expected to be voted down or scrapped there.

6) Storm over antiterrorism bill makes another extension of the Diet session likely; With DPJ pursuing Yamada Yoko Corp. scandal, deliberation of the bill not until after 28th

YOMIURI (Page 4) (Excerpts)
November 21, 2007

Passage in the current session of the Diet of the new antiterrorism special measures bill, which the government and ruling camp have given top priority, has become difficult, and a decision to make another extension of the Diet is now highly likely. However, the Democratic Party of Japan (DPJ) is not only opposed to passage of the bill, the party has shown its intent to put every effort into clearing up allegations centered on the Yamada Yoko Corp., a trading firm specializing in air and defense areas. The fate of the bill remains as confused as ever.

The Diet session has already been extended 35 days beyond its original closing date of Nov. 10. The judgment then was that if there was another month, it would be able to ensure enough hours of deliberation (41) even in the Upper House, as well as the Lower House.

However, the DPJ adopted a strategy of seeking priority deliberation on its bill to scrap the Iraq reconstruction and assistance special measures law, and to force deliberations on the antiterrorism special measures bill to run out of time. In addition, the DPJ gathered further momentum when the witness it called on the 15th, former Vice Defense Minister Moriya, stated that former defense chiefs Kyuma and Nukaga had been invited by the former chief executive of Yamada to the same banquet he had attended. The outlook now is that the new antiterrorism bill, sent to the Upper House on the 13th, will not be deliberated on until the 28th or later.

The government and ruling camp aim to pass the bill this Diet session. Since the DPJ, anticipating another extension, is applying the provision of the law that if the Upper House does not act on the bill in 60 days, it is considered rejected, the ruling camp is taking the position of readopting the bill in the Lower House by a

two-thirds majority. The view that has emerged is to re-extend the session until mid to late January.

However, the New Komeito is concerned that if the bill is passed by re-extending the Diet, the DPJ will protest and could file a censure motion against Prime Minister Fukuda, which would lead to a dissolution of the Lower House (for a snap election).

For that reason, Prime Minister Fukuda will meet with each party head on the 22nd, explain to them the significance of the antiterrorism bill, and urge that they meet him half way on it.

However, DPJ head Ozawa yesterday at a press conference clearly stated: "since there is a basic difference in thinking, including interpretation of the Constitution, no matter how the prime minister makes his plea, we cannot change (our stance opposing the bill)."

7) DPJ apparently alarmed about tomorrow's party-head talks; Government, ruling coalition, express expectations

MAINICHI (Page 5) (Slightly abridged)
November 21, 2007

With one-one-one meetings between Prime Minister Yasuo Fukuda, president of the ruling Liberal Democratic Party (LDP), and other party leaders coming up tomorrow, the government and ruling parties are hoping to break the impasses in the Diet, while opposition parties are alarmed. Prime Minister Fukuda and DPJ President Ichiro Ozawa will hold talks for the first time since they discussed a grand coalition on Nov. 2. Since the media reported allegations that Finance Minister Fukushima Nukaga had asked a former Defense Facilities Administration Agency regional bureau to include a Yamagata construction firm to include in bidding on its project, some members of the DPJ, which has strengthened its offensive, are now suspicious about a revival of the policy of placing emphasis on discussions.

In a press conference yesterday, Chief Cabinet Secretary Nobutaka Machimura expressed his expectations for party-head talks, while referring to a review of debates in the two houses of the Diet. He stated: "There are a mountain of important bills. With the Diet divided, we must discuss what Diet rules should be created.

Fukuda declared in the recent Japan-US summit that he would do his best to enact as early as possible the new antiterrorism special measures bill. However, it is difficult to pass the legislation within the current Diet session, which will end on Dec. 15. DPJ President Ichiro Ozawa yesterday underscored his opposition to the bill, saying, "Since it is a basic difference on the overseas dispatch of the Self-Defense Forces (SDF), we cannot change our position, even if we are asked to support the bill."

The DPJ has called on the government and ruling coalition to prioritize shedding light on a series of scandals involving the Defense Ministry and Nukaga. Fukuda will likely ask other party leaders to deal separately with the scandals and deliberations on bills.

Many in the DPJ are alarmed about the idea of forming a grand coalition with the LDP reappearing.

LDP Diet Affairs Committee Chairman Tadamori Oshima told his DPJ

TOKYO 00005310 006 OF 010

counterpart Kenji Yamaoka on Nov. 16: "We want to hold a party-head meeting after holding a meeting of the secretaries general on issues, including policy consultations." Yamaoka immediately turned down the offer, saying, "We don't want to discuss a grand coalition, so we can't hold policy consultations." Oshima suggested holding a party-head meeting on the 19th, saying, "The prime minister wants to talk about his overseas trips. He will meet with other party leaders, as well." Yamaoka reportedly was unable to refuse the request.

8) Japanese, Chinese top leaders agree to make effort to settle gas field issue: Prime minister indicates his intention to visit China at early date

ASAHI (Page 1) (Full)
November 21, 2007

Singapore, Shinji Ineda

Prime Minister Fukuda separately met with Chinese Premier Wen Jiabao and South Korean President Roh Moo Hyun in Singapore for the first time since taking office. Fukuda during his summit meeting with Wen expressed his intention to visit China either before the end of the year or early next year. Both leaders agreed to make efforts for a settlement of the issue of jointly exploring natural gas fields in the East China Sea. However, they did not touch on any specific timeframe for launching exploration. During the Japan-South Korea summit, the leaders reached an agreement to develop future-oriented bilateral relations. Fukuda indicated his desire to normalize ties between Japan and North Korea, by settling the abduction issue and past accounts (from the colonial period).

Wen noted that joint development of gas fields is a highly complex and sensitive issue. However, he said that he wanted to see both sides bravely tackle the issue and make efforts to settle it, based on the common perception on the joint development of a relatively wide area, as agreed on when Wen came to Japan in April. Fukuda responded, "I want to settle the issue for the sake of the development of Japan-China relations." However, neither side proposed a timetable to settle the joint development issue, though the arrangement had been to map out a concrete plan by this fall.

Both leaders also agreed to strengthen strategic and mutual-beneficial relations and cooperation in the security area, which the two countries agreed on when former Prime Minister Abe visited China. Wen asked Fukuda to visit China at an early time. Fukuda conveyed his intention to visit at an early date, based on the Diet situation.

Wen pointed out, "Dealing with the historical and Taiwan issues properly is the basis of politics for maintaining Japan-China relations." With the upcoming presidential election in Taiwan in mind, Wen stated, "I hope Japan will appropriately deal with the Taiwan issue." Fukuda indicated his view, "Regarding Taiwan, it is important to maintain peace on both sides of the Taiwan Strait. There is no change in our stance."

President Roh during his summit with Fukuda pointed out that General Secretary Kim Jong Il was clearly aware that it was important to

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improve relations between the US and North Korea and relations between Japan and North Korea in order for North Korea to move toward peace and prosperity.

TOKYO 00005310 007 OF 010

9) Japanese, Chinese leaders agree on trip to Japan by President Hu next spring

TOKYO SHIMBUN (Page 1) (Full)
November 21, 2007

Hitoshi Tojo, Singapore

Prime Minister Yasuo Fukuda expresses his desire to Chinese Premier Wen Jiabao during their talks in Singapore on Nov. 20 to visit China by the end of this year. Following Fukuda's remarks, the two leaders agreed to realize a visit to Japan by Chinese President Hu Jintao next spring.

At the outset of the talks, Wen said that Japan-China relations are "at an important turning point" and then invited Fukuda to visit China by the end of the year. Fukuda replied that while watching the Diet situation, "I want to visit China by the end of the year or

early next year if possible. I anticipate President Hu will visit Japan next year. We would like to start coordination to that end."

In reference to the issues of past accounts and Taiwan, Wen emphasized: "Appropriately resolving these issues is the political basis to maintain good Japan-China relations." The Chinese premier also said: "I hope Japan will properly deal with the Taiwan issue prior to the (Taiwanese presidential) election next March."

In response, Prime Minister Fukuda said: "I expect that relations between both sides will peacefully develop in the international community."

10) Prime minister expresses eagerness to normalize diplomatic ties with North Korea during Japan-China-South Korea summit

YOMIURI (Page 2) (Full)
November 21, 2007

Ayumu Tsuda and Shoji Minami, Singapore

In a meeting of the leaders of Japan, China and South Korea on Nov. 20, Prime Minister Fukuda expressed eagerness to normalize diplomatic relations between Japan and North Korea after resolving bilateral pending issues. Fukuda said: "I will continue utmost efforts to settle the issue of Japanese nationals abducted by North Korea and unfortunate past accounts. I would like China and South Korea to continue to support our efforts." Chinese Premier Wen Jiabao and South Korean President Roh Moo-Hyun promised to offer cooperation.

Prime Minister Fukuda said: "I hail the progress made by North Korea toward disabling its nuclear facilities" in the six-party talks. But he added: "It is important to have North Korea abandon its nuclear facilities and weapons. It is still half done. The issue of missile development has also been left unresolved."

The three leaders agreed to hold another round of trilateral summit on a different occasion from the Association of Southeast Asian Nations (ASEAN) summit.

They also decided (1) to draw up an action program for the three countries to cooperate on economic and environment policies; (2) to

TOKYO 00005310 008 OF 010

accelerate negotiations on concluding an investment accord; and (3) to hold trilateral foreign ministerial and vice foreign ministerial talks in Japan next year.

11) ASEAN pins hopes on Prime Minister Fukuda repairing relations: Prime minister's cooperative stance to contribute to stabilization of Asia

MAINICHI (Page 2) (Full)
November 21, 2007

The Association of Southeast Asian Nations (ASEAN) is pinning high hopes on the diplomatic stance of Prime Minister Yasuo Fukuda, who advocates giving importance to Asia. Since ASEAN members strongly feel that Japan, China and South Korea, major powers in the region, maintaining friendly relations will lead to regional stabilization, they have a good impression of Fukuda because of his positive stance toward repairing and developing Japan's relations with China and South Korea.

Likening Prime Minister Fukuda to former Prime Minister Takeo Fukuda, his father, the Straits Times, a leading paper of ASEAN-host nation Singapore, on Nov. 16 carried a favorable article on Fukuda, which said, "Prime Minister Fukuda's diplomatic stance will likely be close to that of his late father, who is regarded as a good friend of Southeast Asia."

Takeo Fukuda in August 1977 visited Manila and declared there that Japan will contribute to the peace and prosperity of Southeast Asian nations on an equal footing without becoming a military power. This Fukuda Doctrine is remembered by politicians and diplomatic sources

of various countries as the basic spirit of the starting point for creative relations between Japan and ASEAN.

ASEAN, which marked the 40 anniversary of its founding, is promoting regional cooperation with partnership as the catchword. This is the wisdom of the association of small countries that are weak in diplomatic and economic terms. With their diplomatic efforts coming to fruition, they, as the only regional community in East Asia, have developed multi-tiered frameworks, such as ASEAN plus Japan, China and South Korea (joined by 13 countries) and the East Asia Summit including India (joined by 16 countries), involving neighbors, such as Japan and China.

However, relations between China and Japan were strained during the Koizumi administration, which attached importance to relations with the US, damaging the overall cooperative mood. During this period, China positively approached ASEAN, while the diplomatic clout of Japan, the most reliable partner of ASEAN, according to former Philippine Foreign Minister Siazon, declined.

ASEAN thinks it ideal to promote overall cooperation, while achieving a good balance both with China and Japan. Prime Minister Fukuda's stance of repairing relations with China and attaching importance to Asia is acceptable in the sense of restoring the collapsed diplomatic balance.

ASEAN members are closely watching what policy Prime Minister Fukuda will come up with as a second Fukuda doctrine and how he is going to develop new relations.

Singapore, Satoru Fujita

TOKYO 00005310 009 OF 010

12) Gist of Japan-China summit meeting and dinner meeting

YOMIURI (Page 4) (Full)
November 21, 2007

Overall Japan-China relations

Prime Minister Wen: China-Japan relations are at an important historical stage and critical turning point in their development. Both countries must continue to move forward constantly. I would like to next year to be the year of youth friendship exchanges.

Prime Minister Fukuda: Our main challenge will be how to promote a strategic mutually beneficial relationship. Exchanges of young people will be vital for the bilateral relationship.

Exchanges in the summit meeting

Wen: If possible, I would like you to visit China this year. Your visit to China and the visit to Japan by President Hu Jintao next spring will be highly significant for the long-term development of bilateral relations. I would like them to be worked out successfully.

Fukuda: I would like to do my utmost to visit this year or as early as possible next year.

East China Sea gas-field development

Wen: I would like both sides to make efforts so that joint gas-field development can be tackled with vigor and resolved.

Fukuda: I would like to ask Prime Minister Wen to display your leadership to resolve this quickly.

North Korea problem

Fukuda: It is important to resolve the nuclear issue. It is also vital that the abducted victims return home. I ask for your understanding and cooperation.

Wen: I express my understanding and sympathy. I would like to offer

whatever cooperation is needed.

Defense exchanges

Fukuda: I welcome the arrival of a Chinese naval vessel to Japan next week. I would like to send a ship to China at an appropriate time. Promotion of exchanges in the security area is extremely important for mutual understanding.

Wen: I understand exactly the need for mutual peace and development, and the importance of deepening the dialogue in the security area.

Taiwan problem

Wen: Properly dealing with this issue is the political foundation that upholds the China-Japan relationship. With the Taiwanese presidential election coming next March, the Taiwan situation has become delicate. I would hope to see the Japanese side to deal with this properly.

TOKYO 00005310 010 OF 010

Fukuda: I hope to see peaceful developments on both shores.

Japanese exports of rice

On the question of export of Japanese rice to China, both prime ministers said it would be implemented after the second time.

13) Government's Tax Research Commission report sees consumption tax as funding for social security: Government, ruling parties eye tax hike in fiscal 2009 or later

NIKKEI (Top Play) (Excerpts)
November 21, 2007

The government's Tax Research Commission (an advisory organ reporting to the prime minister) at a plenary session on Nov. 20 finalized a report in the run-up to annual tax code revisions for fiscal 2008. The report categorically mentioned for the first time in three years the need to hike the consumption tax in order to finance social security spending, which is increasing due to the aging society, by characterizing the tax as key fiscal resources for social security. The report also indicated the possibility of drastic tax reform matching structural changes in society, including revisions to various deductions in the income tax and a cut in the effective corporate tax rate. However, since it is difficult to realize any of the proposals, drastic reform, including a consumption tax hike, will be delayed until fiscal 2009

The title of the report is "Basic View for Drastic Tax System Reform." The Tax Research Commissions issues an annual report including proposals for amending the tax systems for the next fiscal year and a mid-term policy report indicating a direction for a mid-to long-term reform policy, which comes out every three years. The report this time is a version combining both types of reports.

14) Poll: 50 PERCENT consider consumption tax hike inevitable

YOMIURI (Page 2) (Excerpts)
November 21, 2007

According to a Yomiuri nationwide interview-based opinion poll conducted on Nov. 10-11, 50 PERCENT of respondents consider it inevitable or somewhat necessary that the consumption tax rate must rise to maintain the current social security system, including the pension program, exceeding the 48 PERCENT of respondents who consider a consumption tax hike unnecessary. In the nationwide poll conducted in October last year, 49 PERCENT said a tax hike was inevitable, while an equal number said it was unnecessary. In the poll this time around, the number of those resigned to a consumption tax hike slightly topped those opposing it. The result will likely affect tax debate in the future.

By gender, 54 PERCENT of male respondents said they believed a tax hike was unavoidable, 10 PERCENT higher than those who did not

think so. Of the female respondents, 52 PERCENT said they did not think a hike was necessary, against 46 PERCENT who considered it inevitable. By age, more than half of those aged 50 or older believed a hike was inevitable.

SCHIEFFER